



**United States
Fish & Wildlife Service**

Memorandum

DO NOT REPLY TO THIS ADDRESS - SEE MESSAGE FOR CONTACT INFO!

Date

11/16/2004

From

AD - Budg, Planning & Hum Res

Subject

High Deductible Health Plans – A New Option within the Federal Employees Health Benefits Program

This year there is a new option called a high deductible health plan with a health savings account or a health reimbursement arrangement that provides traditional medical coverage and a tax free way to help you build savings for future medical expenses.

The HDHP/HSA or HRA gives you greater flexibility and discretion over how you use your health care benefits. The HDHP features higher annual deductibles (a minimum of \$1,050 for Self and \$2,100 for Self and Family coverage) than other traditional health plans. The maximum amount out-of-pocket limits for HDHPs participating in the FEHB Program in 2005 is \$5,000 for Self and \$10,000 for Self and Family enrollment. Depending on the HDHP you choose, you may have the choice of using in-network and out-of-network providers. With the exception of preventive care, you must meet the annual deductible before the plan pays benefits. When you enroll in an HDHP, the health plan determines if you are eligible for a Health Savings Account or a Health Reimbursement Arrangement. If you are Medicare enrolled, you are not eligible for an HSA. Each month, the plan automatically credits a portion of the health plan premium into your HSA or HRA, based on your eligibility as of the first day of the month. You can pay your deductible with funds from your HSA or HRA. If you have an HSA, you can also choose to pay your deductible out-of-pocket, allowing your savings account to grow.

Following is a comparison of HSAs and HRAs:

	Health Savings Account (HSA)	Health Reimbursement Arrangement (HRA)
ELIGIBILITY	You must enroll in a High Deductible Health Plan. No other general medical insurance coverage permitted, including participation in a health care	You must enroll in a High Deductible Health Plan.

	flexible spending account. You cannot be enrolled in Medicare Part A or Part B.	
FUNDING	The plan deposits a monthly amount into your account. Employees can also contribute up to the amount of the plan deductible.	The plan deposits a monthly amount into your account. You may not make your own contribution to the account.
CONTRIBUTIONS	Your contributions are tax deductible and interest earned on your account is tax free.	The funds in your account do not earn interest.
DISTRIBUTIONS	May be used to pay the out-of-pocket medical expenses for individuals covered under the plan, or to pay the plan's deductible. See IRS Publication 502 for a complete list of eligible expenses.	May be used to pay the out-of-pocket expenses for qualified medical expenses for individuals covered under the health plan, or to pay the plan's deductible. See IRS Publication 502 for a complete list of eligible expenses.
PORTABLE	You can take this account with you when you terminate employment or retire.	If you retire and remain in your health plan you may continue to use and accumulate credits in your HRA. If you terminate employment or change health plans, only eligible expenses incurred while covered under that health plan will be eligible for reimbursement, subject to timely filing requirements. Unused funds are forfeited.
ANNUAL ROLLOVER	Unused funds and interest are carried over, without limit, from year to year.	Unused funds carry over from year to year.

For additional information on High Deductible Health Plans, Health Savings Accounts, or Health Reimbursement Arrangements, see <http://www.opm.gov/hsa/intro.asp> or contact your servicing human resources office.

Our mission is, working with others, to conserve, protect and enhance fish, wildlife, and plants and their habitats for the continuing benefit of the American people.